

Executive summary

International migration – both emigration and immigration – are a significant feature in the Dominican Republic, offering substantial potential for development. Although its role is increasingly being acknowledged in national development planning, migration’s development potential is not fully reflected in the policy framework. The Interrelations between Public Policies, Migration and Development (IPPMD) project – managed by the OECD Development Centre and co-financed by the European Union – was conceived to enable the Dominican Republic to maximise this potential. It explores:

1. how migration’s multiple dimensions (emigration, remittances, return migration and immigration) affect some key sectors for development, including the labour market, agriculture, education, investment and financial services, and social protection and health
2. how public policies in these sectors enhance, or undermine, the development impact of migration.

This report summarises the findings and main policy recommendations stemming from empirical research conducted between 2013 and 2017 in collaboration with the Centre for Research and Social Studies (*Centro de Investigaciones y Estudios Sociales*) at the University Iberoamericana and the Ministry of Economy, Planning and Development (*Ministerio de Economía, Planificación y Desarrollo*). Data were gathered from a survey of 2 037 households, interviews with 56 local authorities and community leaders, and 21 in-depth stakeholder interviews. Robust statistical analysis, accounting for the Dominican Republic’s political, economic and social contexts, sheds new light on the complex relationship between migration and sectoral policies.

Policy coherence is critical to make migration work for development

The research finds that the various dimensions of migration – emigration, remittances, return migration and immigration – have both positive and negative effects on key sectors of the Dominican economy. Similarly, sectoral

policies have indirect and sometimes unexpected impacts on migration and its role in development. Understanding these impacts is critical for developing coherent policies.

Labour market policies can encourage emigration

Migration and remittances affect household labour supply in different ways. Most Dominican Republic emigrants surveyed are of working age (95%) and around 60% were employed before leaving; their departure thus reduces households' labour supply. This reduction is further reinforced by the receipt of remittances – women especially tend to withdraw from the labour market when their household receives remittances. The analysis shows that in rural areas emigrants are being replaced by hired-in labour, thus potentially helping to revitalise the labour market. Immigrants also help partly to fill the labour gaps, especially in low-skilled sectors such as construction and agriculture.

In what way do Dominican labour policies affect migration? Surprisingly it seems that vocational training programmes may encourage people to emigrate – especially women and urban residents – by making them employable abroad. The use of government employment agencies is very low in the sample, especially among immigrants. Clearly greater policy coherence is necessary in these areas.

Agricultural land titles may facilitate emigration

Emigration may cause agriculture households to draw on the external labour market, which can relieve congestions in the agriculture labour market. The findings show that emigration stimulates the hiring of external workers in the agriculture sector in the Dominican Republic, which may help revitalise the agriculture labour market. One agricultural policy found to have a bearing on migration was land titling, which the analysis suggests may encourage emigration. Formal titles to land can help develop land markets and allow households to use land as collateral. In addition, by securing ownership, rural residents do not fear losing the land when they emigrate. The analysis found that having an official land title is positively linked to a household also having an emigrant. Furthermore, the results show no discrimination in land titles: immigrants are as likely as native-born land owners to have titles to their land.

Migration helps improve access to education, except for immigrants

Remittances are often invested in education, according to the analysis. Households with an emigrant and/or return migrant spend more on education than households without migrants. Private education seems to be especially linked to return migration: 43% of children living in return migrant households attend private school, compared to 17% in other households. Return migration also builds human capital through the new skills acquired abroad. Of the

countries in the IPPMD project, return migrants to the Dominican Republic are the most likely to have obtained education while abroad. However, immigrant households are failing to access education: young people (aged 15-22) in immigrant households are less likely to attend school than their native-born peers, and are also less likely to benefit from government education programmes. The country's most popular education support programmes – mainly free text books and school meals – have little impact on household migration decisions, probably because they have limited income impact.

Low rates of financial inclusion and literacy are undermining investment

Overall, 22% of the households in the Dominican sample own a business, one of the lowest shares among the IPPMD countries. While remittances are positively associated with business ownership, this is true only in urban areas. Return migration and immigration do not seem to be linked with business ownership. One explanation for the weak link between migration and productive investments may be that household access to the financial sector is limited, and participation in financial training programmes is very low. Almost two-thirds of the sampled households are unbanked and only a few have participated in a financial training programme in the past five years (3% of remittance-receiving households and 2% of households without remittances). Those households with a bank account were more likely to receive remittances, although this does not affect the amount of remittances received.

Immigrants are less covered by social protection and health care

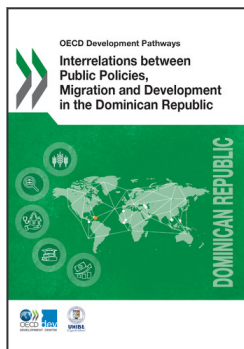
One of the major controversies linked to migration is the degree to which individuals contribute to or draw on the social protection and health system. Immigrants, for instance, are often criticised for being net users of health and social protection services, even though they can help finance such systems by paying taxes. The findings of the Dominican Republic IPPMD survey show that immigrant households are the least likely to receive public social transfers (6% versus 24% for households without immigrants). Furthermore, immigrants are less likely to benefit from social protection, health and pension benefits, including those linked to formal labour contracts, open-ended contracts. When it comes to the use of health facilities, the analysis shows that immigrants and native-born individuals use them at the same rate.

The way forward: Integrate migration into sectoral and national development strategies

Migration can benefit economic and social development in the Dominican Republic, but its potential is not yet fully realised. Many sectoral policy makers do not yet sufficiently take migration into account in their areas of influence,

and some policies seem to be inadvertently contributing to emigration. Migration needs to be considered in the design, implementation, monitoring and evaluation of relevant sectoral development policies and a more coherent policy framework across ministries and at different levels of government would make the most of migration. Specific actions include:

- Refine and target vocational training programmes to better match skills demand with supply. Mapping labour shortages and strengthening co-ordination mechanisms with the private sector are important steps.
- Tie land-titling programmes to migration and development schemes, such as increasing the coverage of money transfer operators in rural areas, creating programmes to channel remittances towards agricultural investment and to facilitate investment and integration by return migrants in rural areas.
- Enforce and ensure quality and access to public and private educational institutions to meet the higher demand for good education driven by remittances and return migration.
- Increase financial literacy and entrepreneurial skills among households in communities with high emigration rates to boost remittance investment.
- Increase *de jure*, but also *de facto*, universal access to social protection, such as pension plans, medical benefits, labour union membership and formal labour contract provisions, especially in rural areas.



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